

Position paper

A Wellbeing Economy



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Introduction

***“The Union's aim is to promote peace, its values and the well-being of its peoples”.*¹**

The EU treaties make it clear, wellbeing is a core objective. However, our current economic system, designed to promote economic growth, is neither inclusive nor sustainable. Why is our economic system missing the mark? Research examining the relationship between income and wellbeing shows that we cannot rely on growth alone to ensure people's wellbeing. In fact, there is only a minimal association between GDP growth and the increase of life satisfaction across countries.² Moreover, various wellbeing indexes show that in high-income regions such as the EU, wellbeing is stagnating.³ A recent study analysing the relationship between GDP and life satisfaction in OECD countries also found improvement of living conditions with GDP growth but also 'diminishing returns' of income and wealth.⁴

Indeed, despite the pride that EU Member States take in established welfare states, social protection systems are losing their capacity to avoid exclusion, as evidenced by persistently high poverty and social exclusion rates as well as income and wealth inequalities. This economic system has also led to accelerating and devastating climate change that not only threatens human health and wellbeing, but life on this planet.

Rather than treating economic growth as an end in itself, we need to redesign economic frameworks around the objectives of a wellbeing economy that prioritises human and environmental wellbeing. In a wellbeing economy, our definition of societal and economic success shifts beyond gross domestic product (GDP) growth to delivering shared, sustainable, and inclusive wellbeing – for the people and the environment in which they live.

A wellbeing economy is a social market economy - with strong state, private and third sector actors undertaking economic activity - designed in a systemic, holistic, and transformational way with sustainable and inclusive wellbeing goals, values, and incentives at its centre. It focuses on meeting the fundamental human rights and needs of all, providing a safe and fair space allowing everyone to thrive, within planetary boundaries. It is preventative by design, avoiding and stopping future harm to people and planet rather than only retroactively fixing harm done. It is designed in a structurally

¹ [Treaty on European Union, article 3.](#)

² Easterlin, R. A., & O'Connor, K. J. (2022). The Easterlin paradox. In *Handbook of Labor, Human Resources and Population Economics* (pp. 1-25). Cham: Springer International Publishing.

³ [MERGE project, A European Agenda to Navigate Uncertain Times. How to Steer the EU Towards Wellbeing for All, Now and in the Future. 2024](#)

⁴ [A. Paulsson et al, “Diminishing returns of growth? Economic performance, needs satisfaction and ecological impacts of OECD welfare states”, 2024.](#)



participatory way and ensures everyone has enough to live in dignity, safety, and happiness. Transitioning to an economy that prioritises the wellbeing of both people and the planet is the path forward. People expect this: in the G20, 74% of people agree with the idea that their governments priorities should shift from profit and a focus on competitiveness to policies that put in the centre wellbeing and ecological protection.⁵

Around the world governments and policymakers are starting to embrace a vision of a wellbeing economy. Finland, Iceland, New Zealand, Scotland, and Wales created the Wellbeing Economy Governments Partnership to deepen their understanding and advance the building of the wellbeing economy.

The wellbeing economy is also at the heart of the United Nations 2030 Agenda for Sustainable Development and its Sustainable Development Goals, to which all Member States are committed.

The Organisation for Economic Cooperation and Development (OECD) has emphasised that investing in improved health, education, employment, gender equality and social protection for all members of society contributes to economic growth.⁶ It has created the OECD Centre on Well-Being, Inclusion, Sustainability and Equal Opportunity (WISE), generating new data and policy approaches to improve people's well-being and reduce inequalities, mapping how human well-being is impacted by ecological, digital and demographic transitions.⁷ Similarly, the WHO European Well-being Economy Initiative is engaging the economy and finance sectors to invest in health equity and wellbeing.⁸

At EU level, promoting the wellbeing of people as a key goal has gained prominence in the social policy agenda in the last decade. The Council adopted conclusions on the Economy of Wellbeing (2019)⁹, which call to include an Economy of Wellbeing perspective into policy design, putting people and their wellbeing at the centre. The Council conclusions highlight people's wellbeing as a core value in and of itself but also underline its role for the EU's economic growth, productivity, long-term fiscal sustainability and societal stability. Eurofound is also undertaking work on subjective wellbeing of people, investigating how people perceive their quality of life.¹⁰

⁵ [Earth4All, 74% of people in G20 want economic transformation, 2021](#)

⁶ [OECD Statistics Working Papers 2019/02 The economy of well-being: Creating opportunities for people's well-being and economic growth](#)

⁷ [OECD WISE centre website](#).

⁸ [WHO European Well-being Economy Initiative](#).

⁹ [Council of the European Union, Council conclusions on the Economy of Wellbeing, 2019](#).

¹⁰ [Eurofound, Subjective Well-being](#).



In 2023, the European Parliament organised a large Beyond Growth Conference, aiming to discuss and co-create policies for sustainable prosperity in Europe.¹¹ The Joint Research Centre announced it is working on developing sustainable and inclusive wellbeing metrics to progressively complement the use of GDP with wellbeing indicators in EU policymaking in 2023.¹²

Additionally, many research groups and projects – such as the ongoing Horizon Europe SPES¹³ and MERGE¹⁴ projects – are working on the topic of sustainable and inclusive wellbeing: The SPES project aims to generate and provide policymakers with original concepts, knowledge and evidence about past, present and future transition performances and policies towards sustainable human development. The MERGE project aims to enhance the usability of policy frameworks and indicators for inclusive and sustainable wellbeing.

However, while there is a growing consensus that the economy needs to serve the wellbeing of people and planet, the current economic model continues to pursue growth as its main objective, putting insufficient focus on achieving sustainable and inclusive wellbeing for all.

The classic economic system needs an urgent redesign, underpinned by political will, to meet these objectives and address the challenges of the world today. Such a redesign is crucial and urgent to secure future where all people can thrive on a liveable planet.



A wellbeing economy is a social market economy designed in a systemic, holistic, and transformational way with sustainable and inclusive wellbeing goals, values, and incentives at its centre.

11 [Beyond Growth conference website, 2023.](#)

12 [Joint Research Centre, Beyond GDP: delivering sustainable and inclusive wellbeing.](#)

13 [Sustainability Performances Evidence & Scenarios \(SPES\) project website](#)

14 [MERGE project website.](#)



5 core values of a Wellbeing Economy

In line with the approach of the Wellbeing Economy Alliance¹⁵, the leading global alliance of organisations, movements and individuals working to transform the economic system, we define the wellbeing economy with five interconnected core values: purpose, fairness, dignity, nature and participation.

Below is a summary of Social Platform’s vision for these five values and our recommendations on how they should be turned into action.

1. Purpose

“We all have a shared sense of belonging & our institutions serve the common good.”¹⁶

By recognising that the economy’s main purpose is to serve the common good and promote the wellbeing for people and planet, we can build European societies where dignity, wellbeing, respect for every individual, environmental protection and fighting climate change are at the centre of all political decisions. Adopting an eco-social economic system, with the support of a wide variety of reforms, investments as well as business models, would enable us to better tackle inequalities, respect human rights, include all members of society, and ensure people can thrive on a liveable planet.

involvement should be guaranteed in monitoring committees at national and regional level. An adequate and sufficient percentage of the ESF+ should be allocated to the administrative capacity building of social partners and civil society organisations.

Recommendations for action:



- Adopt a common vision of a wellbeing economy and centre reforms and investments prioritising human and planetary wellbeing
- Consolidate and harmonise Beyond-GDP metrics for authoritative measurement of sustainable and inclusive wellbeing
- Fill public investment gaps through an ambitious post-2027 MFF

15 [Wellbeing Economy Alliance. What is a wellbeing economy.](#)

16 Ibid



2. Fairness

“Justice in all its dimensions at the heart of economic systems.”¹⁷

A proper balance of social, green, economic, and fiscal considerations in policy-making at EU and national, regional, and local levels can be achieved through a revision of the EU's socio-economic and economic systems. Doing so would ensure that peoples' wellbeing and planetary boundaries are placed at the core of decision-making. Social and green policies would carry equal weight as economic policies in EU governance and agenda setting and social and green expenditure would be seen as an investment rather than a cost. Economic, trade, taxation and financial policies can provide equal opportunities, rights, power, and the fair distribution of wealth within society, between countries and across generations. Transforming economic governance systems would allow to address sustainable and inclusive wellbeing in a fair, holistic and interconnected way, rather than aiming to resolve challenges separately.

Recommendations for action:



- Strengthen the social and participatory dimension of the European Semester process
- Strengthen the use of distributional and social impact assessments in policy-making
- Ensure a strong social dimension of single market and industrial policy reforms

3. Dignity

“Everyone has enough to live in comfort, safety and happiness.”¹⁸

Fully and ambitiously implementing the European Pillar of Social Rights - the EU's compass for a more social Europe - through relevant policies and investments at EU and national level would ensure that the rights described in its 20 principles can become a reality for all across the EU. It would help eliminate poverty and social exclusion and ensure that everyone can live a dignified life in comfort, health, safety, and happiness. It

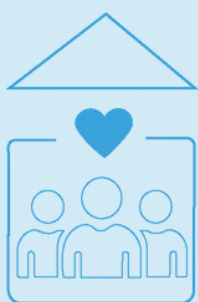
17 [Wellbeing Economy Alliance. What is a wellbeing economy.](#)

18. Ibid



would help create an equal society based on fundamental human rights, with well-funded and inclusive education and training systems along the life cycle, quality employment providing purpose, decent wages and working conditions, enabling secure social protection systems and resilient, accessible quality public services.

Recommendations for action:



- Full implementation of the European Pillar of Social Rights
- Adopt and implement an ambitious EU anti-poverty strategy
- Fully implement the minimum wage directive to ensure minimum wage adequacy and tackle in-work poverty
- Support quality employment for those furthest away from the labour market
- Adopt an EU framework directive on adequate minimum income to bring people above the poverty line
- Strengthen the delivery of services of general interest, social, health and care services as well as housing

4. Nature **“Humans are one with nature and we give back as much as we take from the earth.”¹⁹**

By achieving a socially just transition to climate neutrality and environmental sustainability, we can protect and adequately support regions, sectors and communities affected both by climate change as well as climate change mitigation and prevention, ensuring they can thrive. At the same time, climate justice ensures that the burden of adaptation and mitigation is shouldered by those most responsible for climate and environmental impacts. Making sure that economic, social, environmental, and physical as well as mental health aspects are complementary in policies, investments and practice allows us to prioritise the health and wellbeing of people and planet. Adequate climate, energy and biodiversity as well as circular and repair economy reforms and investments can ensure the natural environment is valued and respected as core shared resource. Measuring impacts of economic activities enables us to prioritise low carbon

¹⁹ [Wellbeing Economy Alliance, What is a wellbeing economy.](#)



and socially inclusive activities and address synergies and trade-offs of different dimensions.

Recommendations for action:



- Full and ambitious implementation of a Just Transition
- Adequate funding for a Just Transition

5. Participation **“Citizens are actively engaged in their communities and economic decisions.”²⁰**

Through accurately reflecting people’s needs in the decisions that impact their lives, decision-makers make better informed, evidence-based and therefore more effective reforms and investments. Adopting this approach ensures that important challenges are addressed while also prioritising the wellbeing of communities, including those that are traditionally underrepresented or marginalised. Regularly, structurally, and meaningfully engaging with civil society organisations and social partners - uniquely positioned to channel diverse voices and enable people of all backgrounds to participate actively in society and political life - in all steps of the decision-making process strengthens agenda-setting, policy development, monitoring and evaluation at EU, national, regional and local levels. It helps tackle polarisation and political distrust, provides greater transparency and accountability of institutions and makes our democracies more stable and resilient.

Recommendations for action:



- Adopt a comprehensive EU Civil Society Strategy and Civil Society Platform
- Ensure adequate access to funding for civil society organisations
- Adopt an EU-level civil dialogue agreement recognising civil dialogue as an essential element of European participatory democracy

²⁰ [Wellbeing Economy Alliance, What is a wellbeing economy.](#)



EU-level recommendations for a wellbeing economy: 2024-2029 EU mandate

The second von der Leyen European Commission took office end of 2024. In its Political Guidelines²¹ there is a strong emphasis on regulatory simplification and the empowerment of business, whilst there is less clarity on how such measures will safeguard social cohesion or address widening inequalities. Initiatives such as the Competitiveness Compass and the Clean Industrial Deal further reinforce a growth-first narrative that risks relegating environmental and social objectives to secondary status.²²

Realising a wellbeing economy departs from the understanding that social and economic policies and trends are interconnected, requiring decision-making to be equally interlinked. Furthermore, Social Platform believes that Europe's long-term resilience depends on embedding wellbeing as a guiding principle in EU decision making.

The following chapter serves as a guide to both the main challenges facing the EU in moving towards a wellbeing economy and to Social Platform's accompanying EU-level recommendations, which identify how to address these challenges in the 2024-29 EU legislature.



Purpose: **Main challenges**

Disproportionate focus on competitiveness, productivity, and defence at the expense of social priorities

We are seeing an increasing focus on improving Europe's competitiveness, productivity, and defence with an insufficient wellbeing dimension. The Council Strategic agenda 2024-2029's chapter on "A prosperous and competitive Europe" prioritises defence, security, competitiveness, and industrial policies, while only dedicating a few paragraphs to social policies. Similarly, the European Commission Political Guidelines 2024-2029 start with two long chapters on prosperity and competitiveness as well as defence and security, followed by significantly shorter ones on EU social, green and climate policies.

21 [European Commission, Europe's choice. Political Guidelines for the next European Commission 2024-2029.](#)

22 [Social Platform reaction to the Competitiveness Compass, 2025](#)



The same applies to the 2024 Letta and Draghi reports. The Letta report on the single market identifies three main challenges: green and digital transitions, EU enlargement and security, and defence. It acknowledges that the single market should play a role in tackling poverty and inequalities, and makes some proposals for social policies, but the social dimension is comparatively small. The Draghi report on competitiveness briefly highlights that the social model is a source of competitiveness, where productivity growth and social inclusivity go hand in hand. However, it does not make concrete recommendations on how to increase people's wellbeing. At the same time, the recommendations of the high-level group report on the future of social protection and the welfare state have completely disappeared from the agenda.

This focus is translated in the Competitiveness Compass that refers to the Letta and Draghi report but ignores the high-level group report. Consequently, it fails to outline a strong social agenda in line with the European Pillar of Social Rights that supports people's wellbeing, resilience, social inclusion, and participation. Instead, its narrow interpretation of social policy focuses almost exclusively on skills development and labour market participation.

This shift is very concerning after hundreds of thousands of lives lost due to the insufficient strength of public health systems during the COVID-19 pandemic as well as its diverse social impacts, the cost-of-living crisis and their toll on the wellbeing of many households. Eurobarometer polls in recent years have repeatedly highlighted this as a key issue for people. Indeed, in 2024, they saw the rising prices and cost of living as their main concern (42%).²³

Lack of beyond GDP measurement

The current economic system prioritises and measures using incomplete metrics, focusing narrowly on conventional definitions of productivity and GDP growth. While GDP is an important indicator of economic performance, its limits as a measure for assessing the progress of societies and the sustainability and inclusivity of economic growth are evident.²⁴ GDP does not capture many outcomes that contribute to people's wellbeing, such as decent income, quality jobs, affordable quality health, including mental health, and care, quality education, equal opportunities, etc. Nor does it account for the value of unpaid activities which allow our societies to function, such as unpaid care or volunteering. It also does not pay attention to the distribution of income and wealth in society.²⁵

23 [Eurobarometer, EU Post-electoral survey 2024](#).

24 [Joint Research Centre, Beyond GDP: delivering sustainable and inclusive wellbeing](#).

25 [OECD, "The economy of well-being: Creating opportunities for people's well-being and economic growth", 2019](#).



Significant investment gaps & insufficient focus on public social investments

The investment needs for tackling Europe's challenges are significant. The European Commission estimates that the implementation of the European Green Deal (EGD) requires around 520 billion Euro per year from 2021-2030, with additional investments of around 92 billion Euro from 2023 until 2030 to boost the EU's capacity to manufacture net-zero technologies.²⁶ Additional investment needs in social infrastructure have been estimated at €192 billion per year.²⁷ Indeed, the report on the future of the welfare state highlights that there is an urgent need to step up social investments into education and skills, care and health, both in the interest of wellbeing and maintaining social protection systems that are put under stress by demographic changes and economic shifts towards a more capital-intensive rather than labour-intensive economy.

The European Commission has been highlighting the need for private and public investments to fill existing gaps.²⁸ However, research shows that only a third of the EU's essential financial needs can be raised through capital markets²⁹ and that 60% of all green investments needed by 2030 do not have a "bankable" business case.³⁰ At the same time, due to the reform of the EU fiscal rules, requiring Member States to keep their public expenditure (debts and deficits) within limits, most national budgets will lack flexibility to close public investment gaps. Additionally, the end of the Recovery and Resilience Facility foreseen for end of 2026 will significantly restrict fiscal space of all EU Member States that currently benefit from the up to €648 billion provided by the instrument.³¹

With the need to start repaying the money borrowed for NextGenerationEU and shrinking national budgets, there is a risk of a smaller Multiannual Financial Framework (MFF) post-2027. With the growing focus on competitiveness, productivity, and defence, cohesion policy and social funding risks being deprioritised or redirected. Indeed, the European Commission Competitiveness Compass already announces a rethink of the structure and allocation of the EU budget in support of competitiveness priorities and the mid-term review of cohesion policy allows Member States to reprogramme under their 2021-2027 programmes amounts for enhancing productive capacities in enterprises in the defence sector. These are worrying trends that must be avoided in the next programming period.

26 [European Environment Agency, Investments in the sustainability transition: leveraging green industrial policy against emerging constraints, 2023.](#)

27 [European Commission, Identifying Europe's recovery needs, 2020.](#)

28 [Statement at the European Parliament Plenary by President Ursula von der Leyen, candidate for a second mandate 2024-2029, 2024.](#)

29 [Finance Watch, Europe's coming investment crisis: Capital markets can only match a third of EU's essential needs, 2024](#)

30 [McKinsey & Company, Net-Zero Europe Decarbonization pathways and socioeconomic implications, 2020.](#)

31 [European Commission, The Recovery and Resilience Facility,](#)



Purpose: Our recommendations

Adopt a common vision of a wellbeing economy and centre reforms and investments prioritising human and planetary wellbeing

To move from the current economic system to a wellbeing economy, we need EU and national level leadership to adopt a joint vision of a wellbeing economy and centre the design, implementation, monitoring and evaluation of reforms and investments on prioritising human and planetary wellbeing. **Political will is key** for transitioning towards a wellbeing economy. Decision-makers need to systematically address the root causes of issues preventing sustainable and inclusive wellbeing by adopting and implementing the necessary reforms and mobilising the needed investments. Decision-making should focus on providing better living and working conditions as well as climate and environmental protection, avoiding that a disproportionate focus on competitiveness and productivity comes at the cost of wellbeing of people and planet.

Consolidate and harmonise Beyond-GDP metrics for authoritative measurement of sustainable and inclusive wellbeing

To measure the success of our economies and societies in producing sustainable and inclusive wellbeing and identify existing challenges, we need a more comprehensive approach to measuring wellbeing. We need **additional metrics beyond Gross Domestic Product (GDP)** with a high level of disaggregation to better measure a variety of social, health, life satisfaction, environmental and climate outcomes, to help determine whether our economic system, policies and investments are performing to strengthen sustainable and inclusive wellbeing and steer decision-making in this direction. Additionally, we need to better measure the non-monetary contributions of people to the functioning of our economies and societies.

Over the past 50 years, a large variety of “Beyond-GDP” metrics have been proposed to replace or complement GDP. The OECD developed the Better Life Index³² to compare wellbeing across countries, based on 11 topics the OECD has identified as essential, in the areas of material living conditions and quality of life. The EU has initiated, for instance, the Resilience Dashboards, Eurostat’s Quality of Life Dashboard, GDP+3, the dashboard on Sustainable and Inclusive Wellbeing, the Transitions Performance Index, and the EU SDG indicators.³³ However, due to the diversity of initiatives internationally, there is a great heterogeneity in terms of methodology and terminology. To better inform and steer decision-making at EU and national levels, the EU should consolidate

32 [OECD Better Life Index](#)

33 [MERGE project. A European agenda to navigate uncertain times. 2024](#)



tand harmonise all these different efforts to create authoritative indexes or dashboards of comparable indicators for sustainable and inclusive wellbeing. They should then be consistently used to inform and steer decision-making at EU and national level.

Fill public investment gaps through an ambitious post-2027 MFF

Building a wellbeing economy and financing a just transition will require large investments. Social spending is an investment in the wellbeing of people and promotes social cohesion, it should not be viewed as a cost.

While the revised EU fiscal rules provide a bit more budgetary flexibility and some incentives for reforms and investments, they are still too rigid to allow the necessary investments to tackle the challenges of the 21st century. It is crucial to finally **build a fiscal framework that enables Europe to tackle its challenges and build a prosperous, competitive, sustainable, and inclusive future.**

In July 2025, the European Commission published its proposal for the 2028-2034 Multiannual Financial Framework (MFF), starting negotiations expected to last years. The next MFF must safeguard and strengthen social and climate investments.³⁴ **It must be larger than the current MFF and the Next Generation EU programme together**, i.e. above EUR 2 trillion (in current prices). Compared to the existing financial framework, additional resources are necessary to enhance regional and social cohesion that support the wellbeing of people and planet. This includes supporting the implementation of the European Pillar of Social Rights (EPSR) by addressing poverty, social exclusion, and discrimination, ensuring quality jobs and guaranteeing that the digital and green transitions leave no one behind.

To support the implementation of a wellbeing economy, it is key to keep both horizontal – such as the promotion of fundamental rights - and thematic enabling conditions - such as the prerequisite of having anti-poverty strategies for social spending - to ensure accountability and delivery on investments. The thematic enabling conditions aiming to achieve a more social and inclusive as well as a greener, low-carbon and resilient Europe help ensure that policy reforms funded through the ESF+, ERDF and the Cohesion Fund are aligned with relevant (national or regional) strategic policy frameworks. It is equally key to maintain the **European Code of Conduct on Partnership** in the next programming period - integrated into the Common Provisions Regulation, to ensure the structured involvement of regions, local authorities, trade unions and civil society organisations.

³⁴ [Social Platform, Post-2027 MFF: Risk of Underinvestment in Social Europe, 2025](#); [Social Platform Position Paper: A post-2027 Multiannual Financial Framework for Social Europe, 2025](#).



Cohesion Policy must remain a key pillar of the MFF. Cohesion policy has a long history of successfully strengthening economic, social, and regional cohesion across the EU. Additionally, it is expected that each euro invested through Cohesion Policy will have tripled by 2043.³⁵

The European Social Fund+ (ESF+) must be retained as a standalone fund supporting social inclusion. It is crucial that the ESF+ maintains its role in triggering long-term structural reforms that progress towards the eradication of poverty and social exclusion, with an earmarking of minimum expenditures higher than the current 25% to social inclusion in every Member State under the ESF+. The current target group-specific earmarking (at least 5% to tackling child poverty; at least 12.5% to the youth guarantee) have also proven to be effective and we encourage such earmarking under the new framework, including a new one for support to social economy actors.



Fairness

Main challenges

Insufficient social dimension and monitoring of the European Semester process

Despite a growing social dimension of the process in recent years, it still focuses more strongly on macroeconomic and fiscal priorities compared to social and, to a lesser extent, employment priorities. This is evident, for instance, in the 2024 Spring Package communication stating that country-specific recommendations on outstanding and/or new challenges focus primarily on improving competitiveness.³⁶

Social monitoring in the Semester process should continue being strengthened to support a wellbeing economy. Indeed, the Social Scoreboard does not fully cover all EPSR principles and is insufficiently disaggregated. This prevents us from fully measuring the social situation across Europe, particularly the situation of groups at heightened risk of poverty, social exclusion and discrimination such as children, young people, older persons, women, persons with disabilities or in poor mental or physical health, the LGBTIQ community, homeless people and people facing housing exclusion, migrants and refugees, and ethnic and religious minorities. Additionally, the use of the

³⁵ [European Commission, Ninth Report on Economic, Social and Territorial Cohesion, 2024.](#)

³⁶ [European Commission, 2024 European Semester Spring Package.](#)



Social Scoreboard in the Semester process is too limited. The use of a traffic light system to categorise Member States based on averages is lacking. If in a certain policy area many Member States perform poorly, this approach does not provide sufficient incentive to improve their performance. The Social Convergence framework is an important step in the right direction, but the chosen methodology could also be strengthened.

Insufficient assessment of social and distributional impacts in policy-making

Too often, macroeconomic, fiscal and climate policy decisions are made without sufficient attention towards the impact they have on people's wellbeing, especially of those already in more vulnerable situations. Indeed, there is a lack of standardised data collection and reporting systems to capture these impacts. Overlooking the social impacts of policies has harmful effects on people's wellbeing, increases social divergence and polarisation in Europe, and reduces the effectiveness of measures.



Fairness

Our recommendations

Strengthen the social and participatory dimension of the European Semester process

Achieving a wellbeing economy requires a stronger social dimension of the European Semester process – the EU framework for the coordination of policies within the European Union - to better monitor and steer policy-making towards this objective. **The Semester should not prioritise competitiveness over wellbeing:** social, economic, environmental and climate priorities must be weighted evenly. To steer and monitor the full implementation of all EPSR principles in an intersectional way, it is essential to **reform the Semester to ensure a balanced and coherent focus on various policy priorities and contain more adequate and targeted recommendations.** In line with the upcoming return of more comprehensive country-specific recommendations (CSRs) with the nearing end of the Recovery & Resilience Facility, it is key that the European Commission issues CSRs when Member States have committed to implementing specific EU initiatives that support wellbeing of people and planet, but insufficient progress is being made.

It is also fundamental to better monitor the situations of specific groups that are marginalised, discriminated against or in vulnerable situations to steer effective policy-making at national level covering all 20 Social Pillar principles. To do so, further



revision of the indicators of the Social Scoreboard is needed to comprehensively cover all 20 Pillar principles. Indeed, some principles are only covered by one indicator, while additional ones are needed to cover all relevant aspects.³⁷ Additionally, **significantly more disaggregation of data by factors such as gender, age, ethnicity, socioeconomic status, etc. is needed** to better measure the impact of reforms and investments on various groups, particularly those in vulnerable situations.³⁸ Only then can persisting and complex barriers and reforms needed for improving the living and working conditions for these groups be identified and translated into country-specific recommendations leading to adequate policy responses. **The Social Convergence Framework methodology should be strengthened**, for instance by putting Member States in second-stage assessment with fewer flagged indicators, to comprehensively monitor and aim to reduce social convergence risks across Europe.³⁹

To better support sustainable and inclusive wellbeing, the **European Semester process must be redesigned to ensure the regular, structured, and meaningful dialogue with stakeholders**, including EU and national level society organisations, leading to a real impact on the process. Their structured and quality involvement is crucial, as they can bring the voices and lived experiences of people to decision-making and make it more evidence-based and impactful. However, the approach to civil dialogue in general and in the European Semester in particular remains too ad-hoc. **We need structured processes across DGs/ministries with clear consultation structures, timetables, and resources for civil society involvement.** In this context, it is key to ensure that European Semester Economic Counsellors and Commission country desk officers pro-actively reach out to civil society organisations (CSOs) and involve them in various Semester-related processes. Many CSOs are severely underfinanced and understaffed and do not have the capacity to take initiative on a complex, fast-moving process like the Semester. They require a pro-active, structured, clearly communicated process set up by public authorities that they can plan around and engage with.

Strengthen the use of distributional and social impact assessments in policy-making

In recent years, the European Commission increased its work on distributional impact assessments⁴⁰, but we still see **scope for consistently using social and distributional impact assessment at all levels.** These assessments are key to ensure EU economic, environmental or climate policies do not disproportionately burden low-income groups

37 For example, principle 17 on the rights of persons with disabilities is only covered with an indicator on the disability employment gap, neglecting all other areas of life of persons with disabilities.

38 [Social Platform, Open letter on an ambitious and comprehensive revision of the Social Scoreboard, 2021.](#)

39 [Social Platform, Open letter on the Social Convergence Framework, 2023.](#)

40 [See DG Employment, Distributional Impact Assessments.](#)



in vulnerable situations and ensure that adequate resources are allocated to manage the social risks. Additionally, the European Commission should establish a tracking methodology linked to the Social Scoreboard to analyse the employment and social impacts of policies.

Ensure a strong social dimension of single market and industrial policy reforms

Single market and industrial policy reforms will have significant wellbeing impacts. With **momentum growing to re-open state-aid rules and the public procurement directive, the emphasis must be on delivering social progress and climate protection**, not a price race to the bottom. We need rules that help us achieve the EU's social and climate targets. To do so, it is key to **ensure social and green conditionalities** in all public funds to support or procure goods or services from companies - whether through state aid, public procurement or other transfers, national or EU funds. They should be tied to clear tangible benefits for people and the environment.



Dignity

Main challenges

Inequalities & discrimination in Europe

Inequalities and discrimination are significant across Europe, harming people's wellbeing. Wealth inequality is evident in Europe: the wealthiest 10% of the continent owns 67% of the total wealth and the bottom half of the adult population only owns 1,2% of it⁴¹. Regarding income inequalities, in 2022 the income quintile share ratio for the EU was 4.7, showing that, on average, the highest income group received 4.7 times as much income as that received by the 20 % of the population with the lowest income.⁴²

In 2023, 94,6 million people – 21% of the population⁴³ - in the EU were at risk of poverty and social exclusion. Additionally, risk of poverty is greater for some specific groups, such as women (22,4% women compared with 20,3% of men⁴⁴) as well as older women (23,4% of women over 75 and 22% of women age 55-64), children (24,8%⁴⁵) young people (26.1 % for 18-24 years old⁴⁶), people with a low level of education (34,5% of all people over 18 years old with a low level of education, (34,5%

41 [Euronews, Mind the Gap! The unfair distribution of wealth in Europe, 2024.](#)

42 [Eurostat, Key figures on European living conditions, 2023.](#)

43 [Eurostat, "People at risk of poverty or social exclusion in 2023", 2024.](#)

45 [Eurostat, Living conditions in Europe: poverty and social exclusion, 2024.](#)

46 [Eurostat, Children at risk of poverty or social exclusion, 2024.](#)



of all people over 18 years old with a low level of education, compared to 10,2% of people in the same age group with a high level of education⁴⁷), persons with disabilities (in 2021 29,7%⁴⁸), Roma (in 2022 80%⁴⁹). The EU is far from reaching its headline target of lifting at least 15 million people across Europe out of poverty, including 5 million children. Poverty levels have stagnated in the last three years.⁵⁰ Moreover, we have seen increases in the severe and standard material and social deprivation rates, significant rises in the housing cost overburden rate and relative income from pensions⁵¹, old-age poverty and social exclusion worsened in various Member States. Finally, energy poverty has increased from 6,9% in 2021 to 9,3% in 2022.⁵²

Similarly, in 2023, more than 50% of respondents to a Eurobarometer survey said that there is widespread discrimination in their country on the basis of, for instance, being Roma (65%), of skin colour (61%), of ethnic origin (60%), of gender identity (being transgender, 57%) or sexual orientation (54%). Around one in five (21%) respondents say they have personally felt discriminated against or experienced harassment in the past 12 months.⁵³

Minimum wage inadequacy

Adequate minimum wages play a fundamental role in tackling poverty and social exclusion and supporting wellbeing. However, across Europe, minimum wages are often not adequate. Indeed, in 2022, 8,5% of all workers were at risk of poverty.⁵⁴ While in 2022-2023, statutory minimum wages increased significantly in nominal terms in all Member States where they are in place, they compensated for the impact of high inflation in only half of those Member States.⁵⁵ This indicates that the inadequacy of real minimum wages remains an issue, especially as across Member States, there is limited attention to whether the rates are sufficient in absolute terms to ensure a decent standard of living.⁵⁶

47 [Eurostat, Living conditions in Europe: poverty and social exclusion, 2024.](#)

48 [Eurostat, Disability: higher risk of poverty or social exclusion, 2022.](#)

49 [European Union agency for fundamental rights, 80% of Roma live in poverty, 2022.](#)

50 [Social Protection Committee, Annual Report 2023.](#)

51 Ibid

52 Ibid

53 [Eurobarometer survey on Discrimination in the European Union, 2023.](#)

54 [European Commission, Joint Employment Report 2024.](#)

55 Ibid.

56 [Eurofound, Minimum wages in 2024: Annual review.](#)



Inadequacy of minimum income schemes

Adequate minimum income schemes are important to ensure a dignified life and wellbeing. Adequacy is commonly defined through the national at-risk-of-poverty threshold (AROP), which identifies people as being at risk of poverty if their income falls below 60% of the national median income.³⁵ However, levels of minimum income benefits are mostly well below national poverty thresholds, only reaching them in very few countries.³⁶ Past non-binding EU action on minimum income has not led to adequate schemes at national level. And there is a risk that the latest 2023 Council recommendation on adequate minimum income will not produce major change either.

Lacking access of affordable services of general interest, including social, health and care services as well as housing

Access to affordable quality services of general interest, including social, health and care services, is fundamental to ensure dignified lives, reduce inequalities and increase people's wellbeing. Social services are pivotal in supporting all people, specifically people in vulnerable situations and diminish the impacts of inequality. People require quality affordable health and care services along the life cycle to allow them to live good lives. The not-for-profit social services sector and the health and care sectors have faced several challenges, such as the effects of austerity measures, the challenges of the COVID-19 pandemic, the impact of rising inflation and energy costs, combined with growing demand. In many Member States, social, health and care services are severely underfunded, which, in the context of existing challenges, hinders the provision of affordable quality services, undermining people's wellbeing. This puts the burden of unpaid care provision primarily on women, perpetuating economic injustices and inequalities. Additionally, workers providing social, health and care services are facing multiple challenges, such as unattractive working conditions, low wages and high demand and stress, leading to growing staff shortages. At the same time, scandals, for example in the for-profit long-term care sector, have revealed the real risk of private equity extracting profits without providing dignity and quality of service.

Access to affordable quality housing has become an increasing issue. Eurostat provides a variety of housing related statistics that emphasise this problem⁵⁷: In the EU in 2023, 10.6% of the population in cities and 7.0% of people in rural areas lived in a housing cost overburdened household. This is, among other reasons, due to increasing housing and rent prices: between 2010 and 2023, house prices went up by 48% in the EU, rents increased by 22% and inflation was 36%. In 2023, on average, EU households spent 19.7% of their disposable income on housing, and 8.8% of the EU population spent 40%

⁵⁷ [Eurostat, Housing in Europe – 2024 edition](#)



or more of their household disposable income on housing.⁵⁸ According to estimates, Europe counts close to 1.3 million people experiencing homelessness⁵⁹, with an estimated 70% increase between 2010 and 2020.⁶⁰ The price of housing construction has also increased, negatively impacting on the construction of new housing: construction producer prices for new residential buildings in the EU increased by 52% during the period 2010 to 2023. Unaffordable prices also lead to issues of quality. In 2023, 16.8% of the population lived in an overcrowded home. Energy poverty is also a growing concern. In the same year, 10.6% of the EU population could not afford to keep their home adequately warm.



Dignity

Our recommendations

Full implementation of the European Pillar of Social Rights

To achieve a truly fair, inclusive Europe that centres human dignity and wellbeing, it is key to **achieve the comprehensive and effective implementation of all principles of EPSR and to reach and ideally exceed its EU headline targets on employment, skills and poverty reduction.**

Despite an increased, albeit insufficient, focus on the EU social dimension in the 2019-2024 mandate, following the adoption of the EPSR, significant gaps in its implementation remain. **The announced revision of the EPSR Action Plan must comprehensively review existing gaps and deliver key reform and investment initiatives to fill them.⁶¹ At the same time, ambitious implementation of existing initiatives must continue, while also filling existing and growing investment gaps.** To ensure dignity and wellbeing, it is also key to protect people from discrimination, harassment and prejudice-based violence. To do so, it is key to continue implementing existing Union of Equality strategies as well as review and renew ending ones. Finally, all reforms and investments as well as their implementation must ensure equal treatment and avoid discrimination on any ground such as sex, gender identity, race, colour, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, nationality, property, birth, family situation, disability, age or sexual orientation.⁶²

58 [Eurostat, Living conditions in Europe – housing, 2024.](#)

59 [FEANTSA, Ninth Overview of Housing Exclusion in Europe 2024](#)

60 [FEANTSA, Fifth overview of housing exclusion in Europe, 2020.](#)

61 [Social Platform, The next European Pillar of Social Rights Action Plan. Contribution to the call for evidence, 2025](#)

62 In line with [EU Charter of Fundamental Rights, article 21, 2000.](#)



Adopt and implement an ambitious EU anti-poverty strategy

A key initiative of the revised EPSR Action Plan is the announced Anti-Poverty Strategy, a long-standing demand of social civil society. The strategy must be built on a comprehensive framework that ensures coherence, sustainability, and impact.⁶³ This framework should foresee a variety of initiatives at EU level and encourage action at national level and be structured to address: 1. Access to adequate resources, 2. Access to quality services, 3. Participation and inclusion.

Furthermore, **the anti-poverty strategy needs to be underpinned by the following horizontal principles: as a rights-based approach, inclusiveness, non-discrimination, combining universal and targeted approaches, while ensuring participation as well as an investment approach throughout the lifecycle.**

The EU must take into account the complex and multidimensional dimensions of poverty and tackle its structural, systemic causes. To do so, **the EU Anti-Poverty Strategy must be comprehensive and cross-cutting, looking at the impacts of all EU policies on poverty.** This must not only include social, anti-discrimination and human rights policies, but also climate, environment, migration, digital and especially economic policies as well as related investment policies, both at national and EU level.

Member States should be obliged **to put forward national and regional strategies, ensuring a coordinated and multi-level approach.** These plans should contain reform and investment initiatives to help them achieve and ideally exceed their national poverty reduction targets. The EU **should appoint an EU Poverty Coordinator** to oversee the implementation of the strategy and set up strong governance structures, allowing to liaise with and between national, regional, and local authorities, civil society and people experiencing poverty. The coordinator should **establish a formal EU Civil Society Monitoring Mechanism** regularly and meaningfully involving civil society and social partners at all levels as well as people with lived experience of poverty.

The strategy should propose concrete new strategies and binding legislation, rather than merely continuing implementation of existing initiatives, which have proved insufficient. It is also key to create synergies with the strategies for key groups under the Union of Equality, especially as some include explicit anti-poverty objectives with quantified targets.

Fully implement the minimum wage directive to ensure minimum wage adequacy and tackle in-work poverty

Wages below 60% of the gross median wage and 50% of the gross average wage are

⁶³ Social Platform, *The next European Pillar of Social Rights Action Plan. Contribution to the call for evidence, 2025*



inadequate, they should never be permitted to fall below this benchmark. It must be regularly tested for its adequacy by checking the actual purchasing power against the cost of goods and services in each Member State and should be updated periodically. Wages must be set in a non-discriminatory way and be anchored in human rights obligations, to ensure equal pay for equal work, and must be applied in all sectors of the economy, irrespective of contract type, as well as category of worker. They must ensure a positive hierarchy with adequate minimum income (and other social benefits) to preserve incentives to work for those who can, while guaranteeing a decent standard of living for all. **All Member States must fully transpose and implement the EU directive on adequate minimum wages in an ambitious way, ideally going beyond the minimum standards it sets to ensure the adequacy of their wage setting systems.**

Support quality employment for those furthest away from the labour market

To strengthen active labour market policies and support the wellbeing of people furthest from the labour market, it is key to **strengthen open labour market policies and equal treatment.**

The upcoming **EU Quality Jobs Roadmap** is a key opportunity to ensure all people, including disadvantaged groups furthest away from the labour market, have access to adequately paid and high-quality employment. The roadmap should **complement the existing employment target** of at least 78% of the population aged 20 to 64 in employment by 2030 with a **quality jobs target, aiming for an ambitious percentage of jobs across Europe to qualify as a “quality job”**. A quality job should, as a minimum standard, combine fair wages, good working conditions, job security and adequate social protection, access to paid for training, reskilling and/or upskilling without costs and during working time, adequate health and safety at the workplace, work-life balance, equality and non-discrimination, as well as collective bargaining and full respect for workers and trade union rights, regardless of their employment status . It should also specifically look at the quality of jobs for disadvantaged groups. It must place a strong focus on tackling in-work poverty. Fair wages are a crucial aspect of quality jobs that need to be ensured through the adequate minimum wage directive and strong collective bargaining for more than the minimum wage segment. It should also tackle the growing issue of atypical and nonstandard contracts by providing workers with more rights to transfer to more secure forms of employment and effectively ban zero-hour contracts. The Quality Jobs Roadmap should support investment in employment pathways and active labour market measures adapted to the specific needs of vulnerable groups, enable more support for social economy enterprises, including Work Integration Social Enterprises (WISEs), and promote enabling environments for social economy across all their operating sectors, adapting policy and legal frameworks in this regard and strengthening their access to public finance and public procurement.



Building on the existing pilot project on a Job Guarantee, the European Commission should scale up existing schemes and work towards its full implementation to improve the availability of decent work. A European Job Guarantee should provide quality employment or training opportunities and prevent in-work poverty. It should also be ensured that participation in such schemes is voluntary and that it provides a quality job or training that fits individual needs. Schemes should involve public employment services, employers' associations, trade unions, social economy actors and organised civil society. They should aim to help tackle economic instability, in-work poverty, discrimination, and social and labour market exclusion, as well as climate change and support the green and digital transitions.

Adopt an EU framework directive on adequate minimum income to bring people above the poverty line

Social protection systems must be universal, effective, and adequate, able to provide adequate standards of living and wellbeing for all people across the lifecycle encountering social risks such as old age, sickness, unemployment, etc. Minimum income schemes are crucial for reducing poverty and persisting inequalities. Only a minimum income that is at least at the level of the national poverty threshold can be considered a good starting point for defining adequacy. The 60% threshold must also be contextualised with reference budgets and the actual costs of goods and services, such as access to health, care, housing, energy, and mobility, in each country. Moreover, barriers that prevent people from accessing it - e.g. non-existence of statutory schemes, rights unawareness, burdensome administrative procedures, conditionalities restricting the coverage/duration of benefits - need to be removed to ensure enrolment of all in need. It is also key to track price developments, such as the 2022 inflation surge, to adjust support levels and effectively prevent people from experiencing poverty and exclusion.

The 2023 Council recommendation on adequate minimum income must be fully and ambitiously implemented. However, considering past experience with lacking implementation of non-binding initiatives on the topic, **we call for an EU Directive on Adequate Minimum Income, anchored in a human and social rights-based approach, to ensure that the right to an adequate minimum income becomes a legally binding commitment for all EU Member States.** It must set minimum standards across the EU for assessing the adequacy of income support schemes and ensuring non-discriminatory access and uptake.

Strengthen the delivery of services of general interest, social, health and care services as well as housing

The delivery of high-quality services is crucial for ensuring people's wellbeing. Therefore



we call for the development of an **Action Plan for Social Services** as part of the revision of the EPSR Action Plan. It should provide a coherent framework that creates an enabling regulatory, financial, economic, and social framework for not-for-profit social service providers. It must facilitate the development and promotion of ambitious common quality standards, ensuring accessibility, affordability, adequacy, and coverage as well as sustainability of services provided. It must create the right public and private funding and investment conditions for services by using and adapting all available EU instruments. Efforts must be strengthened to increase the attractiveness of jobs in the health, care and services sectors by improving working conditions, wages, up- and re-skilling, health and safety, collective bargaining, social dialogue, and better career paths. Special attention needs to be given to accessibility of services, both digitally and face-to-face.

Additionally, a **framework for Universal Basic services (UBS)** should be created that enables investment in high-quality accessible, affordable and, in many instances free, services including social and energy-efficient housing, health, care, education, low-carbon public transport, energy and water. Building on principle 20 of the EPSR, a widened scope of UBS can help address the cost-of-living crisis, support dignity and wellbeing by reducing everyday costs and enable access to key services. This framework should establish a standardised definition of universal basic and essential services across the EU and establish quality indicators to measure, evaluate, and monitor the accessibility, affordability, and availability of services. This would allow addressing existing data and knowledge gaps and developing targeted policy and funding interventions.

The upcoming Action Plan must set as its overarching ambition to eradicate homelessness and support the availability of adequate, quality, and affordable housing for all, especially those in most vulnerable situations, including people experiencing homelessness. Support for investment in housing must especially focus on quality affordable public, cooperative, and social housing to support people most affected by the ongoing housing crisis, including those at highest risk of homelessness and housing exclusion. The Action Plan should require Member States to adopt or, if they already exist, strengthen national and regional strategies that support sustainable, long-term funding for affordable quality and sustainable housing. The Action Plan must be closely connected with the upcoming EU anti-poverty strategy and the European Platform on combatting homelessness, recognising the importance of collaboration with social, health, care, and employment services. Finally, the new European Commission housing taskforce should support the implementation of all aspects of the Action Plan across European Commission services.



A future revision of the Public Procurement Directive should support the delivery of **affordable, accessible, and high-quality services of general interest, social, health care services**. It should also strengthen the social and green dimensions of public procurement processes by setting binding conditionalities for socially responsible and green public procurement. Finally, **state aid rules need to be revised and the services of general interest (SGEI) de minimis ceiling must be increased significantly**, taking into consideration the impact of inflation and rising cost of living on service provision and ensuring that services to the person and environment are recognised as SGEI.



Nature Main challenges

The negative effects of climate change on human wellbeing

Climate change is directly causing humanitarian emergencies and threatening wellbeing. Indeed, extreme weather events like heatwaves, storms and flooding accounted for 85,000 to 145,000 human deaths across Europe over the past 40 years⁶⁴. Around 12% of the European population lives in areas potentially prone to river flooding. In southern Europe, approximately 30% of the population live in areas with permanent water stress and up to 70% in areas with seasonal water stress during summer. Protracted droughts increase the risk of wildfires, causing deaths, loss of livelihoods and affecting human health.⁶⁵

Disproportionate consequences of climate change on groups in vulnerable situations

Groups in vulnerable situations tend to be more negatively affected by climate change. Air pollution and high temperatures have particularly negative effects on older persons, children, and those with pre-existing health problems. The homeless, and those living in inadequate housing or unable to afford heating or cooling are the most affected by extreme temperatures. People from lower socio-economic backgrounds tend to live, work and go to school in places with worse air quality.⁶⁶ When natural disasters happen, rescue services pay insufficient attention to or are often not equipped to help the most vulnerable, including persons with disabilities, important health conditions or older persons with reduced mobility.

64 [European environment Agency, Climate change impacts, risks and adaptation, 2024](#)

65 [European Environment Agency, Responding to climate change impacts on human health in Europe: focus on floods, droughts and water quality, 2023.](#)

66 [European Environment Agency, Unequal exposure and unequal impacts, 2019](#)



The economic cost of inaction

Inaction to tackle climate change is costly: economic losses from weather and climate related events in the EU reached half a trillion Euro between 1980 and 2021.⁶⁷ Studies estimated the annual investment needed: for the EU and the UK, if global warming is 1.5°C, adaptation investments are 40 billion Euro/year, for a 2°C increase the required investments become 80-120 billion Euro, and with 3-4°C the estimated necessary investments rise to 175-200 billion Euro.⁶⁸

Disproportionate impacts of green transition measures on specific groups

The social dimension of the European Green Deal (EGD) is insufficient to protect people from increasing costs of climate change mitigation policies. Without adequate social measures, it risks leading to increases in housing, energy costs and food costs, which will disproportionately impact low-income groups. In 2022, over 41 million people across Europe lived in energy poverty.⁶⁹ The European Emission Trading System 2 (EU ETS 2) will introduce a carbon tax on the use of carbon-based energy for homes and transports, starting in 2027. It will disproportionately affect low-income households since they spend a larger share of their income on energy. Higher energy costs and inflation have led to increasing operating costs for often-underfunded not-for-profit service providers and social economy actors. Additionally, EGD provisions oblige them to cut emissions and improve energy efficiency in an already difficult financial situation.

Insufficient funding to ensure a Just Transition

The Social Climate Fund (SCF) should mitigate the effects of ETS and address the social impact of the EGD. The SCF will mobilise at least 86,7 billion Euro over 2026-2032 period.⁷⁰ According to calculations, the original 72,2 billion Euro foreseen in the European Commission proposal would have resulted in an average budget of 527 Euro per year per household if the entire amount was only distributed to the 20% poorest households in the EU.⁷¹ However, Member States can – and likely will – use the SCF to support structural measures and investments in energy efficiency and renovation of buildings, clean heating and cooling, renewable energy, as well as in zero- and low-emission mobility.⁷² At the same time, studies estimate investment needs of 140 billion Euro for the decarbonisation of lower income households' buildings in 10 EU countries only.⁷³ With lacking funds, competing priorities and many threats to groups in vulnerable situations, there is growing pressure on the SCF whose limited funds will be

67 [European Environment Agency, Assessing the costs and benefits of climate change adaptation, 2023.](#)

68 Ibid

69 [European Parliament, Energy poverty in the EU, 2023.](#)

70 [European Commission, Social Climate Fund.](#)

71 [ETUC, ETUC's position on the creation of a second ETS on road transport and building and of a new Social Climate Fund, 2021.](#)

72 [European Commission, Social Climate Fund.](#)

73 [IEECP, Policies to decarbonise residential buildings in Central, Eastern and Southern EU: impact on energy poverty and mitigation strategies, 2022.](#)



spread too thinly to both adequately compensate and offer solutions to decarbonise.

Similarly, the Just Transition Fund (JTF) aims to support the creation of new green jobs and the reskilling of these regions' workforce and to avoid the growth of regional inequalities. However, its goal should be to reduce and eliminate regional inequalities, rather than merely preventing their growth. The JTF takes a narrow focus exclusively on jobs, research, and innovation and the social dimension recognising the vulnerable situation of groups beyond employment is insufficient. An analysis of several national Territorial Just Transition Plans of eight countries in central and eastern Europe shows that there is little use of the funds for social investments or reference to the needs of groups in vulnerable situations.⁷⁴



Nature

Our recommendations

Full and ambitious implementation of a Just Transition

Achieving a just transition is an urgent priority for the wellbeing of people and planet. Moreover, if the EU fails to protect the wellbeing of people in the transition, it risks being rejected altogether or lead to the increase of people voting at the extremes, threatening our democracies.

The 2024-2029 mandate should deliver a Green and Social Deal which continues decarbonation efforts agreed under the EGD but addresses the social dimension as a priority. It must harness the social benefits of the transition towards climate neutrality and a circular economy, while actively identifying and mitigating adverse social consequences. Climate solutions must be embedded within social justice to ensure no one is left behind during this transition and to prevent a public backlash from groups unable to shoulder the cost of the EGD. To do so, all the components of the EGD should be delivered in full alignment with and support of the EPSR. Member States need to develop timely, high-quality, and participatory Social Climate Plans, ensuring EU funds are used to their full extent to mitigate the social consequences for marginalised groups or groups in vulnerable situations.

The European Commission should ensure that the EU adopts ambitious 2040 climate targets and ensure quality social, employment and distributional impact assessments of all initiatives at EU and national level related to the just transition. It should put forward a **comprehensive EU Just Transition Policy Framework (JTPF)**, drawing on already

⁷⁴ CEE Bankwatch, Just Transition, 2024.



existing EU instruments. The 2022 Council Recommendation on ensuring a fair transition towards climate neutrality is not legally binding but sets out a comprehensive set of measures to support people in the green transition. The Just Transition Policy Framework should be based on the Council recommendation. It should entail provisions on social protection, access to essential services, civil society participation, adequate financing, support for the social economy, and inclusive policies

As part of this, it should adopt a Just Transition directive. The directive should protect workers' rights in the transformation of the economy towards carbon neutrality and full circularity, with the creation of quality jobs in low-carbon sectors. It should also go beyond labour market impacts and ensure the right of all to participate in the transition with access to affordable clean energy, energy efficiency measures, clean mobility and food etc.

The upcoming Fair Transition Observatory should monitor the progress of joint climate and social goals, collect data about the social benefits and possible adverse social impacts of climate action and inaction and provide technical support to allow Member States to better identify the people who need support.

Adequate funding for a Just Transition

Considering the significantly lacking funding for the SCF, **100% of revenues from ETS2 should go to the SCF to adequately mitigate the negative social consequences of the EGD**. If the SCF is not given the adequate resources to reach the goals of the Green Deal while protecting marginalised people and groups living in vulnerable situations, other tools to mobilise more fund for the just transition are urgently needed, for instance under a strengthened MFF.

Not-for-profit service providers and social economy actors need to be better equipped for the green transition, including through improved access to existing and supplementary funds. The European Commission should **publish guidance around the development of national plans for accessing the Social Climate Fund and Just Transition Fund to Member States** with specific regard to not-for-profit social service providers and social economy actors.



Participation

Main challenges

Shrinking civic space and lack of structured, meaningful civil dialogue

We are experiencing an increasingly shrinking civic space. Indeed, restrictive laws, administrative barriers, threats but also lacking funding make it difficult for civil society organisations (CSOs) in several EU countries to do their work. Additionally, civil dialogue is not sufficiently structured, regular, open, transparent, and meaningful. Top-down approaches, inadequate information sharing or lack of structured channels through which organisations can input can hinder civil society's ability to provide meaningful insight on behalf of those groups they represent. However, this is a clear priority for people across Europe. Indeed, in recent Eurobarometer surveys, 76% of people across Europe stated that civil society has a key role in promoting democracy and common values⁷⁵ and 87% of Europeans believe that civil society should operate freely and keep those in power accountable.⁷⁶



Participation

Our recommendations

Adopt a comprehensive EU Civil Society Strategy and Civil Society Platform

To achieve a wellbeing economy, transparent and democratic institutions that enable a meaningful participation of stakeholders, including trade unions and CSOs are fundamental. CSOs play a key role in building wellbeing economies. They work with, provide empowering services to and represent the interests of people, including groups and people traditionally underrepresented in decision-making and with lived experience of poverty and social exclusion. They also provide a platform for people to connect with policy-makers and support governments and institutions in making decisions that meet people's needs.

The effectiveness of measures at EU level aimed to support civil society actors and address the shrinking civic space is currently limited. The European Commission announced the **adoption of an EU Strategy to support, protect and empower civil society, which is very welcome. It must support the creation of an open, safe, accessible, and enabling legal, regulatory, political, and financial environment for civil society, by removing all restrictions and barriers to civic space and guaranteeing**

⁷⁵ [European data, Special Eurobarometer 477: Democracy and elections, 2018](#)

⁷⁶ [European data, Special Eurobarometer 489: Rule of law, 2019](#)



freedom of association, assembly, and expression. It should support the formal recognition of the role and value of CSOs at EU and national level and promote their participation through different regulatory and policy measures. This must enable them to be structurally and meaningfully involved in the agenda setting, development, adoption, implementation, monitoring, and evaluation of policies at all levels.

The responsibilities of Commissioner McGrath foresee the **creation of a Civil Society Platform⁷⁷ to strengthen regular civil dialogue and protect civil society, activists, and human rights defenders**, which is very welcome. The Platform must effectively protect them from all forms of discrimination on any ground and all forms of harassment, violence or ill-treatment. It should pay especially attention to minorities, marginalised groups and those who defend them, who are more frequently under attack. It should allow CSOs, activists and defenders to report all forms of attacks, threats, smear campaigns and limitations of civic space to address such reports in a timely manner and include an early warning system.

Ensure adequate access to funding for civil society organisations

CSOs need proper human, material, and financial resources to carry their role effectively. Access to multi-annual, consistent, and flexible structural funding, including through core funding in the shape of grants, should be guaranteed to respond to operational needs and ensure stability, long-term planning, and independence. To ensure this, **civil society should be involved from the beginning in the design and implementation of funding policies and programmes.** Access to funding should be increased, especially for small-size, grassroots, and volunteer-run organisations, by simplifying administrative procedures and reducing the overall bureaucratic burden. EU and national policies should remove regulatory and fiscal obstacles to access funding and donations. This should include streamlining EU funding requirements and formats to make the application process more accessible for organisations and at least maintaining but ideally increasing EU financial support for CSOs. EU funds should better value the contribution of volunteers to civil society organisations by considering volunteering work as income equivalent to co-funding requirements.

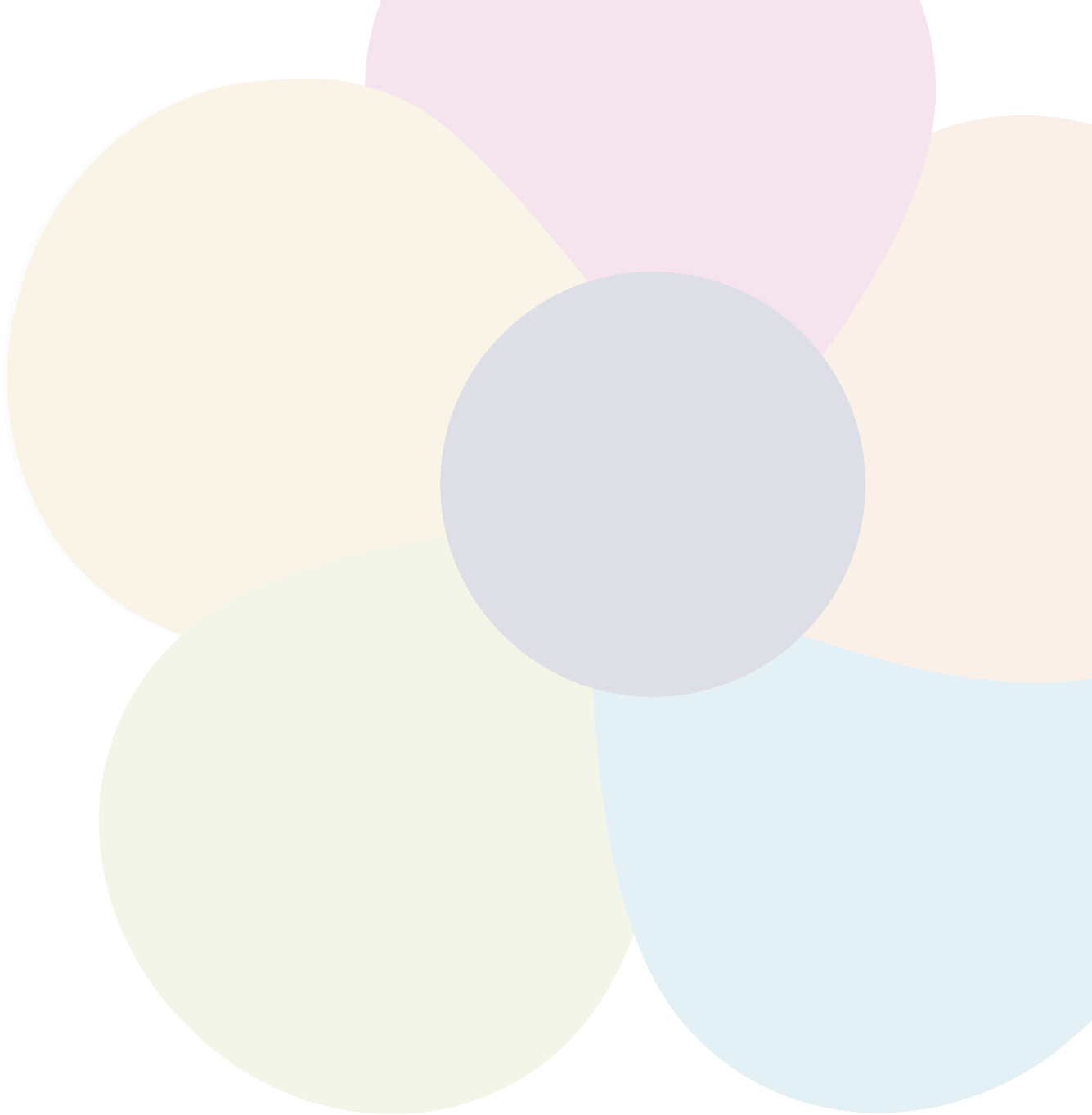
⁷⁷ Mission letter for Michael McGrath, Commissioner for Democracy, Justice, and the Rule of Law.



Adopt an EU-level civil dialogue agreement recognising civil dialogue as an essential element of European participatory democracy

Civil dialogue should be organised on an equal footing to social dialogue at every step of the policy-making cycle and treated as distinct and complementary form of stakeholder engagement. We call on the EU institutions to conclude a civil dialogue agreement. **It should be developed in cooperation with civil society and aim to harmonise standards for civil dialogue across EU institutions and Member States, so that every opportunity for civil dialogue leads to structured, quality engagement.** This should involve strengthening the mandates of the Vice-President of both the European Parliament and the European Commission in charge of civil dialogue. It should also create permanent civil dialogue structures at the appropriate levels in each relevant Member State and EU institution, ensuring consistency and coordination within and among institutions. In addition to fostering civil society dialogue, the EU should ensure broader outreach for other European Commission consultations, including initiatives like the EU Youth Dialogues.

CSOs must be given a real seat at the table to contribute meaningfully to institutional agenda-setting as well as at all steps of policy-making - at both EU and national level. They should be involved as key strategic partners in agenda-setting exercises, the co-creation of policies, programme development, policy debates as well as at technical level.



Social Platform is the largest, leading organisation working on social issues. We have strength in numbers and put power back into people's hands who want a more Social Europe. Collectively we unite and give a voice to tens of thousands of organisations and hundreds of millions of people in Europe in all their diversity.



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